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RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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UNCLAS SECTION 01 OF 03 MONTERREY 000801

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SUBJECT: NUEVO LEON AT THE HEART OF MEXICO'S MEDICAL TOURISM
INDUSTRY

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1. SUMMARY. Nuevo Leon is actively working to become the medical tourism destination-of-choice in Mexico for Mexican and American citizens seeking quality, affordable health care. The Nuevo Leon State Government has formed a Specialized Medical Services Cluster of ten public and private hospitals to promote their services, particularly to un- or under-insured Americans who require costly medical procedures in the U.S. With a growing number of U.S. and Northern Mexican "tourists" traveling to Monterrey for treatment, Nuevo Leon seems poised to realize its goal, particularly with the construction of two new state-of-the-art hospitals. In an effort to improve its competitiveness with other popular medical tourism destinations such as India, Thailand, and Singapore, the Cluster hospitals are currently seeking Joint Commission International Accreditation, and have plans to develop all-inclusive airline, hotel, and surgery packages. While Nuevo Leon has the potential for success in this growing international market, patients should beware because Mexico lacks a robust medical malpractice regime and public information about physicians' professional histories is not readily available. This may pose a roadblock in convincing would-be U.S. patients to seek medical treatment in Nuevo Leon. END SUMMARY.

BRING US YOUR POOR, YOUR UNINSURED

2. While Monterrey is already known as Mexico's industrial capital, the Nuevo Leon government wants it to be known as the medical capital, too. The Government of Nuevo Leon has developed a comprehensive plan to become the destination-of-choice for Mexicans and Americans seeking high-quality, affordable health care. According to press reports, Nuevo Leon's medical services cost 25-33% of comparable services in the United States. Under the direction of the Nuevo Leon Secretariat of Economic Development (SEDEC), a group of ten private and public hospitals have joined together to form a "Specialized Medical Services Cluster." In essence, the Cluster integrates and promotes services on behalf of all of its member hospitals. According to Dr. Jesus Zacarias Villarreal, the former Secretary of Health for Nuevo Leon and current Chair of the Cluster's Advisory Committee, Nuevo Leon is the only state in Mexico that is actively working to develop itself as a medical tourism destination.

3. Econoff met with Zulamith Berlanga, the Director of SEDEC's

Office to Promote Monterrey as a City of Health, to discuss the Cluster's promotion plan. She said that their outreach efforts will focus on people who seek elective surgeries (namely cosmetic and plastic surgery) and those un- or under-insured people seeking less costly alternatives for non-emergency, non-elective surgery, such as organ transplants, oncology services, and orthopedic surgery. A large-scale advertising campaign that will direct potential tourists to SEDEC's "Monterrey City of Health" website will begin in October 2007, with preliminary ads being placed in American Airlines "American Way" in-flight magazine. SEDEC also plans to reach out directly to Hispanic groups and tourists boards in Texas, and later to tourist boards in other states.

¶4. Though SEDEC has not yet begun advertising in the United States or other parts of Northern Mexico, anecdotal evidence from local hospital administrators suggests that a growing number of persons travel to Monterrey for medical treatment. Previously, most of the "tourists" hailed from other parts of Nuevo Leon and the states of Tamaulipas and Coahuila, but over the last three years, more people from Texas and other Mexican states, including Yucatan, Veracruz, Tabasco, and even Oaxaca, have traveled to take advantage of Monterrey's quality hospitals. When Econoff asked for statistics on the numbers of patients seeking treatment at the Cluster's ten hospitals, SEDEC's Berlanga said that the hospitals maintain their own statistics and that SEDEC does not have access to them. She did add that SEDEC plans to compile its own statistics in order to measure the success of its promotion and outreach efforts. One of the Cluster member hospitals, Monterrey Tec's San Jose Hospital, reported to Econoff directly that over 7500 of its patients in 2006 came from outside of Nuevo Leon.

¶5. During a separate meeting, Dr. Villarreal qualified Berlanga's statement by adding that, while there are not exact statistics about the number of medical tourists that have come to Monterrey since the Cluster was conceived in March 2005, the number of private hospital beds in Monterrey has doubled in the

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last three years. Further, due to a significant increase in demand for non-elective and plastic surgery, two new hospitals have recently been constructed in Monterrey - one in the northern part of the city and one in the southern suburbs - to meet the need for more hospital beds.

MEETING INTERNATIONAL STANDARDS

¶6. In order to increase its competitiveness, the Cluster wants to have all ten of its member hospitals accredited within the next five years by Joint Commission International (JCI), the U.S. based non-profit organization that accredits hospitals around the world. The purpose, according to Dr. Villarreal, is to help demonstrate the quality of patient care available in Nuevo Leon. (Note. Currently, there are no hospitals in Mexico accredited by the JCI, but all of SEDEC's Cluster hospitals are accredited by the Mexico National Institute of Public Health. End Note.) Hospital accreditation would help Nuevo Leon compete with other popular medical tourism destinations around the world that boast JCI-accredited hospitals, such as the National Heart Center in Singapore and the Apollo Hospital Group in India. Dr. Villarreal readily admits that without accreditation, Mexico, and Nuevo Leon in particular, will not be able to compete in the long-term as a destination-of-choice for Americans who want guarantees that the level of hospital service is up to U.S. standards.

¶7. In addition to the JCI accreditation, the state government plans to make Nuevo Leon a more attractive medical tourism destination by working with travel agencies and hotels to develop the type of all-inclusive medical tourism packages promoted by hospitals in Singapore, Thailand, and India. To this end, some hospitals have already begun forming partnerships with established medical tourism facilitators. For example, the

Christus Muguerza Hospital system in Monterrey has partnered with Global Choice Healthcare, a New Mexico based company that handles the range of logistics services required by medical travelers. Further, the Cluster plans to invite other medical practitioners to join them, most notably dentists and oral surgeons, who would also benefit from the type of state-sponsored international promotion that will be enjoyed by the current Cluster members. Finally, the Cluster is already exploring the possibility of developing service provider agreements with U.S. insurance companies so that, once the hospitals are accredited, patients from the U.S. will not have to pay up-front for non-elective procedures and, instead, can present their insurance cards as a financial guarantee.

¶8. Comment. It seems likely that at least some of the Cluster's hospitals will receive their JCI accreditation, since most of the Cluster hospitals have Board Certified physicians, as well as state-of-the-art laboratory and diagnostic equipment. Additionally, at least one of the Cluster hospitals, Christus Muguerza, has a direct affiliation with a U.S. hospital group that is already certified by the U.S. Joint Commission. This affiliation should also help when SEDEC endeavors to establish service-provider agreements with U.S. health insurance companies. End Comment.

BUYER BEWARE: PATIENTS LACK LEGAL RECOURSE

¶9. While SEDEC's plans to turn Nuevo Leon into Mexico's medical tourism capital have real potential for success, patients may not be aware that they have little recourse for malpractice litigation and limited access to public information about physicians' professional histories. This could serve as a potential roadblock in the State's efforts to attract "tourists" from the U.S. First, Mexico has a limited system to handle cases of medical malpractice or malfeasance. Each state has a Medical Arbitration Commission, and the patient's complaint is decided by an arbiter who issues a final, legally-binding resolution. The problem with this type of case is that the arbiter relies on General Practitioners with little or no specialized experience to render a professional opinion on the case. These appeals are rare, with only four cases filed in Nuevo Leon in 2006. A civil or criminal medical malpractice lawsuit is even more uncommon, and rarely finds in favor of the patient. In fact, there was only one medical malpractice suit filed in civil court in 2006 for all of Mexico. Cluster officials acknowledged to Econoff that they believe that some

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potential tourists will decline seeking treatment in Nuevo Leon if they know that there is no real precedent for medical malpractice claims

¶10. Moreover, there is little to no public access to physicians' professional or medical malpractice history in most Mexican states. Dr. Villarreal told Econoff that, while any patient can ask a physician directly for his or her educational history and professional accreditations, this type of information is not made readily available to the general public, which is why Mexicans often rely on word-of-mouth to choose physicians and hospitals. This lack of transparency may also frustrate some potential U.S. patients who expect the same level of public information that is available in the United States. "Regardless," said SEDEC's Berlanga, "patients from throughout Mexico and the United States will still seek treatment in Nuevo Leon because of the exceptional quality of care and low cost that we offer, even when they clearly understand the limits of the Mexican medical system."

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